- **Redistribution of Resident Slots** - The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) redistributes resident slots from hospitals that have not met the cap on such resident positions established in the Balanced Budget Act of 1997. The top 75 percent of the available slots (the difference between the cap and the highest number of positions filled in the last three cost reporting periods) will be returned to HHS. The Secretary may redistribute these FTEs to other hospitals based on a set of criteria. Rural hospitals receive top priority. Small urban hospitals and hospitals that are the only one with that particular residency training program in the state also receive priority. No hospital will be allowed more than 25 new FTEs. Small rural hospitals with fewer than 250 acute care inpatient beds are exempt.

- **Increase in the Indirect Medical Education (IME) Adjustment** - The MMA raises the IME adjustment from its current level of 5.5 percent to the following levels: 5.98 percent between April 1, 2004 and October 1, 2004; 5.79 percent for FY 2005; to 5.58 percent for FY 2006; 5.38 percent for FY 2007 and 5.5 percent for FY 2008 and future years.

- **Extension of the Update Limitation** - The MMA reinstates the freeze on further updates to hospitals with per resident amounts above 140 percent of the national average. This freeze had expired at the end of FY 2002. This provision reinstates the freeze for fiscal years 2004 through 2013.

- **Exemption for Geriatric Residency Programs** - Additionally, the MMA gives the Secretary the authority to determine that geriatric training programs are eligible for 2 years of fellowship support under Medicare's direct and indirect GME programs.

- **Volunteer Teaching Physicians** - Finally, the MMA creates a one year moratorium on CMS invoking regulations regarding financial arrangements between hospitals and teaching physicians in osteopathic and allopathic family practice programs training at non-hospital sites. Also, the MMA requires an OIG study regarding the appropriateness of alternative payment methodologies for reimbursing "volunteer" teaching physicians. The moratorium is effective upon enactment and the OIG study is due one year after enactment.